

# Summary of Material Modification Effective January 1, 2004



This Summary of Material Modification (SMM) describes changes (in *blue italics*) to the information in “Your King County Benefits,” the collection of booklets describing coverage available to you under the King County regular employee and part-time Local 587 benefit plans. All changes become effective January 1, 2004, unless otherwise noted. Please refer to this (and subsequent SMMs provided each year at open enrollment) for updates to plan booklet information.

“Your King County Benefits” plan booklets (and a copy of this SMM) are available:

- On the Internet – [www.metrokc.gov/finance/Benefits/Reg123/RegPlanBooklets.htm](http://www.metrokc.gov/finance/Benefits/Reg123/RegPlanBooklets.htm)
- In the county email system public folders – Public Folders\Finance\Benefits and Retirement
- From Benefits and Retirement Operations.

Questions? Contact Benefits and Retirement Operations:

- Mail correspondence to/stop by Exchange Building EXC-ES-0300, 821 Second Ave., Seattle WA 98104
- Email [kc.benefits@metrokc.gov](mailto:kc.benefits@metrokc.gov)
- Call 206-684-1556.

This Summary of Material Modification (SMM) describes the changes that affect your benefit plans and updates your plan descriptions. SMMs together with the plan booklets make up your official plan descriptions; please keep them together and refer to them as necessary. We've made every attempt to insure the accuracy of the information in this SMM and the plan booklets. However, if there is any discrepancy between them and the insurance contracts or other legal documents, the legal documents will always govern.

**Call 206-684-1556 for alternate formats.**

# Booklet 1: Important Facts

## COBRA

*There are several changes and additions under “COBRA” (pages 21-23), including the addition of two new sections at the end.*

### ► COBRA Eligibility

If you or your qualified family members lose county-paid health coverage due to certain events (*called “qualifying events”*), each of you has an independent right to self-pay under the Consolidated Omnibus Budget Reconciliation Act (COBRA) for health coverage (medical, dental, vision). This coverage may continue for 18 to 36 months after county-paid coverage ends (the last day of the month the qualifying event occurs). *The maximum COBRA continuation coverage period depends on the event:*

- Termination of employment if for reasons other than gross misconduct – 18 months.
- Layoff – 18 months.
- Reduction in work hours/no longer eligible for county-paid benefits – 18 months.
- Disability – 29 months if you or family members are determined Social Security disabled at the time of or within 60 days of when COBRA eligibility begins. The COBRA participant must provide a copy of the Social Security *Administration’s* disability determination to Associated Administrators Inc. (AAI), King County’s COBRA administrator, before the end of the first 18 months of COBRA coverage and within 60 days after being determined disabled under Social Security. *If you or your qualified family member is determined by the Social Security Administration to no longer be disabled, you must notify AAI of the fact within 30 days of the determination.*
- Death – 36 months for surviving qualified family members
- Divorce/*legal separation*/dissolution of domestic partnership – 36 months for qualified family members.
- Dependent child ceases to be a dependent (may no longer be claimed as an IRS dependent or reaches age 23) – 36 months for child.
- *Your enrollment in Medicare* – 36 months for qualified family members.

If a second qualifying event (*such as your death, divorce or separation, enrollment in Medicare or dependent child ceasing to qualify for coverage under the county’s plan*) occurs during an 18- or 29-month COBRA continuation coverage period, coverage may be continued for eligible family members for up to 36 months from the first qualifying event, but the total COBRA continuation coverage period will not exceed 36 months. *You must notify AAI in writing within 60 days after a second qualifying event occurs.*

You and your qualified family members may elect coverage even if covered under another employer-sponsored health plan or entitled to Medicare at the time you elect coverage.

If you are participating in a Health Care Flexible Spending Account when you become eligible for COBRA, you may continue participating through the end of the calendar year (see the Flexible Spending Accounts booklet).

### ► COBRA Enrollment

COBRA-qualifying events (other than divorce, dissolution of a domestic partnership or child reaching age 23) are reported to Benefits and Retirement Operations through your termination notice or payroll report. For family members who lose coverage through you because of divorce, *legal separation*, dissolution of a domestic partnership or child reaching age 23, you must notify Benefits and Retirement Operations within 60 days of the last of the month the qualifying event occurs or the date coverage ends, if later. Otherwise, the family member will not be offered the option to elect COBRA continuation coverage (see “Dropping Family Members from Coverage” in this booklet).

When COBRA-qualifying information is received, Benefits and Retirement Operations notifies AAI (King County's COBRA benefits administrator), who contacts you/family members regarding benefit plan options.

You have 60 days after coverage ends to make your COBRA elections or, if later, 60 days from the date of the AAI letter notifying you of your options. *Failure to elect coverage on time will result in loss of the right to elect continuation coverage. You or your qualified family members may change a prior rejection of continuation coverage any time until that date by submitting a written request to AAI.*

If you elect COBRA continuation coverage, you must make the initial *premium* payment by the 45th day after electing it. *The amount you or your qualified family member may be required to pay may not exceed 102 percent of the cost of the county's plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage (or, in the case of an extension of continuation coverage due to a disability, 150 percent).* Thereafter, all premiums are due the first of the month; coverage automatically ends if payment is not made within 30 days. AAI will *provide you with more detailed* payment information.

Once you have elected COBRA and paid the premium, COBRA continuation coverage is retroactive. There is no lapse in coverage – self-paid benefits begin when county-paid benefits end, even if retroactive processing and payments are required. Your initial payment must include all applicable back premiums.

### ► **COBRA Options**

Your COBRA options will be explained in the enrollment information you receive from AAI. COBRA allows you to self-pay to continue all the health coverage (medical, dental and vision) you have on your last day of employment or one of these options (if you qualify):

- Medical only (as long as medical was included as part of your health coverage on your last day)
- Medical and vision (if you had medical and vision but no dental on your last day)
- Dental and vision (if you had dental and vision but no medical on your last day)
- Vision only (if vision is the only coverage you had on your last day).

You may continue covering the same family members who were covered the last day of your employment. *Each family member has an independent right to elect continuation coverage. For example, both you and your spouse may elect continuation coverage, or only one of you may elect the coverage. Parents may elect to continue coverage on behalf of their dependent children only.*

**Life Insurance.** It is not a provision of COBRA, but if you end employment with the county (not if you leave employment due to a disability), you may be eligible to continue your coverage through the portability feature of the policy (see the Aetna Life Insurance booklet for additional details on portability or converting your coverage).

### ► **Making Changes under COBRA**

If you notify AAI (King County's COBRA administrator), you may:

- Drop dental and vision and retain medical coverage anytime (notice must be received by AAI in the month before you want the change to become effective)
- Drop yourself and family members from coverage anytime (notice must be received by AAI in the month before you want the change to become effective)
- Add new eligible family members to your health coverage when a qualified change in status occurs (see "Changes You May Make When a Qualifying Event Occurs" in this booklet)
- Change medical plans during open enrollment
- Change medical plans between open enrollments if you move out of your current plan's coverage area and provide proof of your new permanent address, and another King County plan offers coverage in your new location.

## ► **When COBRA Coverage Ends**

COBRA coverage ends the:

- Last day of the month you or your family member fails to make the required payments within 30 days of the due date, becomes entitled to Medicare benefits after electing COBRA, reaches the end of your maximum COBRA coverage period or is no longer disabled as determined by Social Security and has exhausted designated months of COBRA coverage
- Day the plan terminates or you first become covered under another group health plan after the date of your COBRA election (unless the plan limits or excludes coverage for a preexisting condition of the individual continuing coverage)

If you die, your covered family members may extend their COBRA coverage up to 36 months from the date their COBRA coverage started.

The Health Insurance Portability and Accountability Act (HIPAA) restricts the extent group health plans may impose preexisting condition limits:

- If you become covered by another group *health* plan and that plan contains a preexisting condition limit that affects you, your COBRA continuation coverage cannot be terminated. However, if the other plan's preexisting rule doesn't apply to you, your COBRA continuation coverage will be terminated.
- You do not have to show you are insurable to choose COBRA continuation coverage. However, COBRA continuation coverage is subject to your eligibility for coverage; King County reserves the right to terminate your coverage retroactively if you are determined ineligible.

You may be entitled to purchase an individual conversion policy when you are no longer covered under the county's plan. An individual conversion policy usually provides different coverage from your group coverage; some benefits you have now may not be available. Also, a conversion policy may cost more than your current coverage.

## ► **For More Information**

*More information regarding your rights to continuation coverage is available from AAI or Benefits and Retirement Operations (see Resource Directory booklet). For more information about COBRA, the Health Insurance Portability and Accountability Act (HIPAA) and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration in your area or visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa).*

## ► **Keep Your Plan Informed of Address Changes**

*In order to protect your family's rights, you should keep King County and AAI informed of any changes in addresses of family members. You should also keep copies for your records of any address change notices you send the county or AAI.*

## **Retiree Benefits**

*A new section is added following "If You Return to Work in a Benefits-Eligible Position" (pages 24-25).*

## ► **If You Lose Eligibility for Retiree Benefits Due to Medicare Eligibility**

*If you are not eligible for retiree benefits when you retire due to Medicare eligibility, or elect retiree benefits and lose eligibility to continue coverage due to Medicare eligibility, you may apply for Medicare supplemental insurance through AAI. The supplemental insurance is provided through the PacifiCare Secure Horizons plan. To qualify, you must contact AAI and apply within 30 days of when your active employee or retiree benefit coverage ends.*

# Booklet 2: KingCare Basic and Preferred Medical

## ► Summary of Covered Expenses

*The chemical dependency treatment maximum described in the summary table (page 39) increases from \$11,285 to \$11,841.*

## ► Coordination of Benefits with Medicare

*There are several changes to language describing the coordination (page 56), including deletion of a paragraph.*

If you keep working for the county after you *become eligible for Medicare* you may:

- Continue your medical coverage under *KingCare* and integrate the county plan with Medicare; *KingCare is primary and Medicare is secondary.*
- Discontinue your *KingCare* coverage and enroll in Medicare. If you choose this option, your covered family members are eligible for continuation of coverage under COBRA for up to 36 months (see “COBRA” in the Important Facts booklet).

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan covering an active employee or family member of an active employee. Medicare is primary in most other circumstances.

If you have any questions about how your coverage coordinates with Medicare, contact *KingCare* (see the Resource Directory booklet).

# Booklet 3: Group Health Medical

## ► Summary of Covered Expenses

*There are several changes to benefits described in the summary table:*

- *Ambulance services (page 70) – 80% changes to 80% for ground or air transport; 100% for ground transfers when initiated by Group Health*
- *Chemical dependency (page 70) – Maximum increases from \$11,285 to \$11,841*
- *Preventive care (page 71) – 100% (according to well-child/adult preventive schedule) changes to 100% after \$20 copay/visit (according to well-child/adult preventive schedule).*

## ► Transplants

*A new bullet is added to the list of covered transplants (page 79): Intestinal/multi-visceral.*

## ► Coordination of Benefits with Medicare

*There are several changes to language describing the coordination (page 82).*

If you keep working for the county after you *become eligible for Medicare* you may:

- Continue your medical coverage under *Group Health* and integrate the county plan with Medicare; *Group Health is primary and Medicare is secondary.*
- Discontinue your *Group Health* coverage and enroll in Medicare. If you choose this option, your covered family members are eligible for continuation of coverage under COBRA for up to 36 months (see “COBRA” in the Important Facts booklet).

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan covering an active employee or family member of an active employee. Medicare is primary in most other circumstances. *For health maintenance organizations such as Group Health, special federal requirements apply.*

*If you go on a leave of absence or terminate employment with King County and are eligible for Medicare, you must enroll in Medicare A and B to continue your Group Health medical coverage under COBRA. Your Medicare eligible dependents must also enroll in Medicare A and B to continue Group Health COBRA coverage.*

If you have any questions about how your coverage coordinates with Medicare, contact *Group Health* (see the Resource Directory booklet).

# Booklet 4: Washington Dental Service

## ► Diagnostic and Preventive Services

*There are several changes to the list of covered services (page 93):*

- *The first bullet, WDS-approved caries (decay) susceptibility tests, changes to **WDS-approved caries (decay) and periodontal susceptibility/risk tests***
- *A new bullet is added: **Exam – comprehensive oral evaluation (once in three years per dental office; benefit is counted as a routine exam for frequency limitations).***

## ► Basic Services

*The first bullet in the list of covered services (page 94), Amalgam, filled resin or composite fillings to treat decay or fracture resulting in significant tooth loss, changes to **Amalgam, composite (filled resin) or glass ionomer fillings to treat decay or fracture resulting in significant tooth loss; if a composite or ionomer restoration is placed on a posterior tooth (except on the buccal/front surface of bicuspid), an amalgam allowance will be made.***

## ► Major Services -- Restorative

*A new bullet is added to the list of covered services (page 94): **Crown buildups when more than 50% of the natural coronal tooth structure is missing or there is less than 2mm of circumferential tooth structure remaining around the gingival portion.***

# Booklet 6: Aetna Life Insurance

## ► Continuing Group Term Insurance

*All language in this section (page 123) is replaced by the following.*

*When you end employment with the county for reasons other than disability, you may continue the basic and enhanced group term life insurance that you had on your last day of employment up to \$500,000. This is called “portability.” Premiums for the continued coverage are paid directly to Aetna and the age-specific group rates may differ from the rates paid by active employees.*

*If you continue coverage, you may also continue the enhanced group term life insurance you had on your last day of employment for your spouse/domestic partner until he/she is age 65 up to \$25,000 and your dependent children’s benefits until they are age 19 (23 if solely dependent on you for support) up to \$5,000.*

*Employee or covered family member life benefits in excess of the portability maximums may be converted to a whole life policy (see “Converting to Individual Whole Life Insurance”).*

*Portability coverage is reduced by:*

- *35% of the original amount on January 1 following the date you reach age 65*
- *60% of the original amount on January 1 following the date you reach age 70*
- *75% of the original amount on January 1 following the date you reach age 75.*

*Coverage terminates when you turn age 99 or otherwise stop premium payments for continued benefits. Continued coverage for your spouse/domestic partner and children ends when they attain the limiting age or when your benefits cease; however, they may convert to an individual whole life insurance policy (see “Converting to Individual Whole Life Insurance” below).*

*To continue coverage, you must request a Portability Application from Aetna and return the completed form with your first premium payment within 31 days of the date your county coverage ends (see Resource Directory booklet). If you die during the 31 days, your beneficiary or estate will receive the full amount of your life insurance coverage in force before it ended. This payment is made under the group policy, whether or not you actually applied to continue coverage. If you applied, any fees or premiums you paid are refunded.*

# Booklet 9: Flexible Spending Accounts

## Enrolling

*The first paragraph of this section (page 150) is replaced by the following.*

*Enrollment forms are available on the Benefits and Retirement Operations website and by request from Benefits and Retirement Operations (see Resource Directory); enrollment forms are also provided each year at open enrollment.*

## Health Care FSAs

### ► Eligible Expenses

*A new bullet is added to the partial list of eligible expenses (page 153): [Over-the-counter drugs used to treat/prevent illness/injury \(limited\)](#).*

### ► Ineligible Expenses

*The bullet, Nonprescription over-the-counter drugs, medicines, vitamins and other remedies not prescribed by a physician (page 154) changes to [Over-the-counter drugs, vitamins, supplements and remedies taken for general well-being](#).*

### ► Expense Reimbursement

*Language in this section (page 155) is replaced by the following.*

How eligible expenses are reimbursed from a Health Care FSA depends on the type of expense you have: partially covered by health insurance, not covered by health insurance, or orthodontia expenses.

For expenses partially covered by insurance, you file a claim with your health plan. When you receive your Explanation of Benefits (EOB), you see how much the plan paid and the remaining balance due. You then request reimbursement for the remaining balance. Complete the Reimbursement Claim Form available from AAI (see Resource Directory booklet), attach your EOB, and fax or mail the information to AAI.

For expenses not covered by insurance, complete the claim form and attach your itemized receipt(s) for the expense. Receipts must show date of service, cost, service performed and provider of service. Cancelled checks, credit card receipts or statements showing only "balance due" or "payment on account" cannot be accepted. Fax or mail the information to AAI.

For orthodontia services, you *[and your provider need to complete an "Orthodontic Charges Worksheet" and submit it to AAI before services begin; the worksheet \(available from AAI; see Resource Directory booklet\) is used to calculate reimbursement. To be reimbursed, you must provide documentation such as a receipt of payment, claim form or payment coupon and it must include the patient name, provider name and tax ID number, and date of service.](#)*

*[Reimbursement can be made only after eligible expenses are incurred/services are provided, not when you are formally billed, charged for or pay for them. Therefore, if you pay your orthodontia provider in advance for services, you cannot be reimbursed in a lump sum. Instead, AAI will reimburse you for the down payment \(up to 25% of the total fee\) after the patient has been banded, then reimburse you monthly as documentation showing continuation of treatment is received. To calculate your monthly reimbursement, AAI takes the net balance \(amount you owe after the down payment is deducted, and discounts and estimated insurance payments are applied\) and divides it by the estimated months of treatment.](#)*

When your Health Care FSA reimbursement request is received and approved, you are reimbursed for your eligible expenses up to the maximum amount you elected, minus any previous reimbursements made during the calendar year. Even if your reimbursement request is greater than your current account balance, you will be reimbursed for the total amount of your request, up to the total Health Care FSA contribution you elected for the calendar year.